

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 TRSE-00 AID-05 EB-07 ABF-01 AGR-05

OMB-01 IGA-01 L-02 CIAE-00 INR-07 NSAE-00 COME-00

OPIC-03 CIEP-01 /043 W

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R 101353Z FEB 75

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 2617

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EO 11652: N/A

TAGS: EFIN, SY, US

SUBJECT: CLAIMS NEGOTIATIONS

REF: A. DAMASCUS 2990; B. STATE 009890; C. STATE 016508

1. SUMMARY. THIRD US-SARG CLAIMS NEGOTIATING SESSION HELD FEB. 8, WE CLEARLY EXPLAINED TWO PERCENT PROVISION FOR AGRICULTURAL MARKET DEVELOPMENT PURPOSES, NOTED WOULD RESPOND SOON WITH COUNTER-PROPOSALS ON SECOND-GENERATION PL480 CLAIMS AND DETAILED HISTORY OF DOLLAR LOAN FOR GRAIN SILOS, EMPHASIZING SYRIAN RECEIPT OF BALUABLE CONSIDERATION FOR AMOUNT DISBURSED. (DISCUSSION OF EX-IMBANK CLAIM REPORTED IN SEPTEL.) MINECON OMADI INDICATED AGREEMENT WITH AND UNDERSTANDING OF TWO PERCENT PROVISION, LOOKED FORWARD TO SECOND-GENERATION ALTERNATIVE PROPOSALS FROM WASHINGTON, AND PROMISED TO STUDY DOLLAR LOAN HISTORY. ACTIONS REQUESTED FOLLOW EACH SEPARATE CLAIMS DISCUSSION BELOW. END SUMMARY.

2. AT REQUEST OF EMBASSY, THIRD US-SYRIAN CLAIMS NEGOTIATING SESSION HELD ON SATURDAY, FEB 8. MINECON IMADI AND SUBSEQUENTLY DEPMINECON ABDULLAH AZMEH REPRESENTED SARG. AMB, DCM AND ECONOFF REPRESENTED US SIDE. DISCUSSION FOLLOWED SIMILAR FORMAT AS DEC. 14 MEETING (REF A), AND REPORT BELOW TREATS EACH INDIVIDUAL TYPE OF CLAIM (EXIMBANK CLAIM TREATED IN SEPTEL). AS WE HAD ON NOVEMBER 20, 1974,
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WE PRESENTED FEB. 10 AIDE MEMOIRE DRAWING ON GUIDANCE

FROM DEPT.

3. PL 480 FIRST-GENERATION BALANCES

A. WE TOUCHED BRIEFLY ON GENERAL AGREEMENT REACHED AT DEC 14 MEETING, AND PER PARA 4, REF B, EXPLAINED APPLICATION OF PROVISION WHEREBY TWO PERCENT OF PRINCIPAL AND INTEREST REPAYED ON LOANS RESULTING FROM REALLOCATION AND LENDING TO SARG OF THIS AMOUNT (L.S. 20,980,000) WILL BE CONVERTED INTO THIRD COUNTRY CURRENCIES FOR AGRICULTURAL MARKET DEVELOPMENT PURPOSES.

B. COMMENT. BASED ON PARA 3C, STATE 235236, OUR NO. 20 AIDE MEMOIRE HAD INCLUDED APPROPRIATE INDICATION OF TWO PERCENT APPLICABILITY TO REPAYMENT OF LOAN NO. 276-G-006. IN OUR FEB 10 AIDE MEMOIRE, WE EXPANDED ON THIS LANGUAGE PER REF B, PROVIDING FURTHER CLARIFICATION RE LOAN NO. 276-G-006 AND ALSO TWO PERCENT APPLICABILITY TO REALLOCATION OF FUNDS.

C. ACTION REQUESTED: WOULD APPRECIATE CONFIRMATION THAT APPROPRIATE LANGUAGE AND INSTRUCTIONS FOR OUR EVENTUAL USE ON THIS CLAIM HAVE BEEN DEVELOPED IN WASHINGTON PER OUR REQUEST IN PARA 3B, REF A. WHILE WE REALIZE ACTION ON REALLOCATION IS TIED TO SARG AGREEMENT ON SECOND-GENERATION PL 480 BALANCES, BELIEVE WE COULD SPEED MATTERS ALONG IF APPROPRIATE LANGUAGE SENT TO US NOW IN ENGLISH AND ARABIC SO EMBASSY MAY REVIEW INTERNALLY LANGUAGE AND INSTRUCTIONS. ARABIC TRANSLATION IS TIME-CONSUMING EXERCISE AS WE HAVE SEEN WITH RECENT PL480 AGREEMENT AND AS MUCH ADVANCE WORK AS POSSIBLE IN WASHINGTON AND HERE ON THIS ASPECT WILL EVENTUALLY HELP MOVE MATTERS MORE QUICKLY.

4. PL480 BALANCE FROM DELINQUENT SECOND-GENERATION REPAYMENTS.

A. BASED ON REF C, STATE 016508, WE INFORMED IMADI EMBASSY HAD SUBMITTED VARIOUS ALTERNATIVES FOR THESE CLAIMS TO WASHINGTON BASED ON DEC 14 MEETING (REF A), AND WOULD BE BACK TO HIM WITH RESPONSE SOON.

B. AS NOTED ABOVE, WE ALSO CLEARLY DISCUSSED TWO PERCENT PROCEDURE AND APPLICABILITY TO REPAYMENT OF LOAN NO. 276-G-006, AS SET FORTH PARA'S 1,2 AND 3, REF B. LIMITED OFFICIAL USE

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STATE 009890. IMADI TOOK NOTE OF THE AMOUNTS INVOLVED AND INDICATED SARG WOULD HAVE NO PROBLEM WITH THIS PROCEDURE.

C. ACTION REQUESTED: WE AWAIT COUNTER-PROPOSALS PROMISED IN STATE 016508 AND REQUEST THEIR TRANSMISSION TO US ASAP AS FIRST AND SECOND GENERATION PL 480 BALANCES AND CLAIMS COULD WELL BE THE FIRST TO BE AGREED UPON BETWEEN SARG AND USG.

5. FAA DOLLAR LOAN FOR GRAIN STORAGE.

A. BASED ON IMADI'S DEC 14 QUESTION WHETHER ACTUAL MATERIAL HAD BEEN TURNED OVER TO SARG PRIOR TO LOAN CANCELLATION, WE PRESENTED SOMEWHAT ABBREVIATED CHRONOLOGY OF HISTORY OF THIS LOAN (BASED ON STATE 97080; COMMENT: OBVIOUSLY WE COULD NOT USE ALL LANGUAGE CONTAINED IN THIS MESSAGE). WE EMPHASIZED AUGUST 23, 1966 MAJOR PROJECTS ADMINISTRATION (MPA) APPROVAL OF ALL DESIGN PHASE DOCUMENTS AND FACT THEREFORE THAT SUM CLAIMED UNDER THIS LOAN REPRESENTED DISBURSEMENTS FOR WORK PERFORMED AND ACCEPTED BY SYRIA AND FACT THAT SYRIANS DID RECEIVE VALUABLE CONSIDERATION FOR AMOUNT DISBURSED.

B. IMADI PROMISED TO STUDY CHRONOLOGY AND QUESTION OF VALUE RECEIVED BY SYRIA. WE TOUCHED BRIEFLY AND INFORMALLY ON QUESTION OF RIGHT OF SET-OFF MEASURED BY DAMAGES CAUSED TO SARG BY USG DELAY (PARA 2, STATE 007080) AND IMADI PROMISED TO REPLY ON THIS QUESTION. WE ALSO NOTED ONCE AGAIN PROVISION OF FAA SECTION 620 (Q)

C. WE DID NOT RAISE AT THIS MEETING PROJECT GRANT/SET-OFF FORMULA (LATTER PART PARA 3, STATE 007080) AS WE PREFER TO HOLD THIS IN RESERVE PENDING IMADI'S RESPONSE ON RIGHT OF SET-OFF QUESTION.

6. PRIVATE CLAIMS

DURING JAN. 30 MEETING, AMBASSADOR HAD VIVEN IMADI TEXT OF NOTICES ON PRIVATE CLAIMS PUBLISHED JAN 27 (STATE 019302). IMADI NODDED AGREEMENT AND HAD NO COMMENT.
MURPHY

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